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The Newspaper of the Non-Profit World

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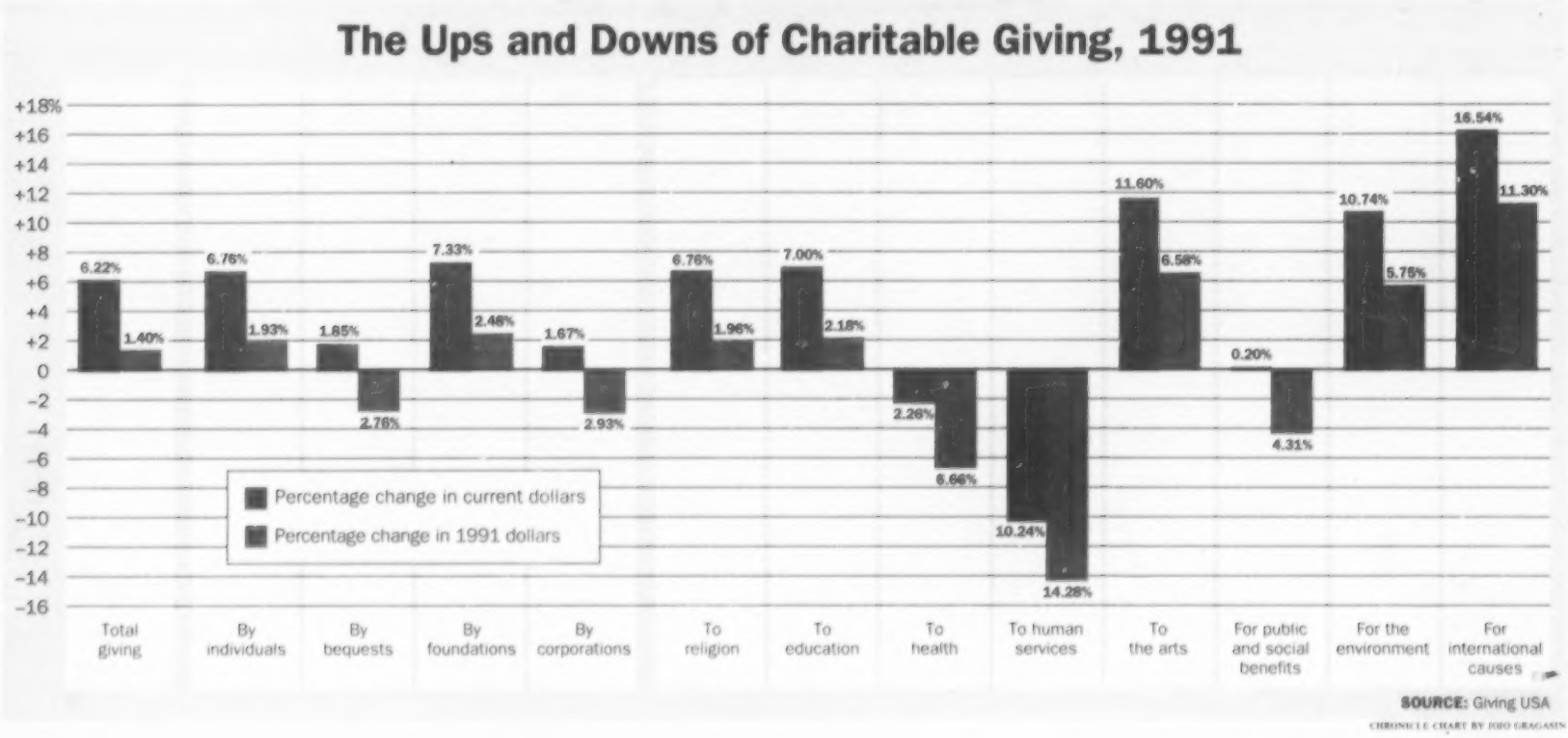

SOURCE: Giving USA

CHRONICLE CHART BY JOJO GRAGASIN

1991: A 'MODEST' RISE IN CHARITABLE GIVING

Total donations reached $124.8-billion and stayed ahead of inflation, but human-services, health, and advocacy groups lost ground

By GRANT WILLIAMS

AMERICANS GAVE an estimated $124.8-billion to charity in 1991, an increase of $7.3-billion that slightly outpaced the rate of inflation.

But some kinds of non-profits, especially human-services and health organizations, saw significant decreases. International causes posted the largest percentage gain.

According to preliminary estimates presented last week in *Giving USA*, the yearbook of American philanthropy, the increase in donations was 6.2 per cent above 1990's total of $117.5-billion. *Giving USA* called the gain "modest."

The increase exceeded the inflation rate of 4.6 per cent for services, as reported by the federal Bureau of Labor Statistics. The Consumer Price Index for all items rose 3.1 per cent, but *Giving USA* used the service-industry figure because, it said, that statistic provided the best indication of how much more non-profits had to spend to provide services.

"No single estimate aptly summarizes this unusual year that started in a recession and ended with dramatic stock-market growth," the report said.

Recession Had a 'Complex, Variable Effect'

Martin Grenzebach, chairperson of the AAFRC Trust for Philanthropy, which prepares *Giving USA*, said the recession had a "complex, variable effect" on non-profit recipients of donations.

"It does not suffice to say that giving went up or down in 1991," said Mr. Grenzebach, chairman of John Grenzebach and Associates. "The modest increase in overall giving belies considerable ups and downs."

Among the report's key findings:

► Contributions to human-services groups fell by the largest amount, an inflation-adjusted 14 per cent, at a time when those charities faced an increased demand for services.

► Donations to health organizations decreased 6.6

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MARK PETERSON / IB PICTURES

Killing Off Foundations
Brooke Astor (*above*) says her foundation will go out of existence soon after she dies. Officials of foundations that take that step think it's a good idea. Story on Page 6.

Rebuilding the Inner City
Ten grant makers have announced a $5-million program to revitalize inner-city neighborhoods. They believe it could be a model for other such efforts. Story on Page 11.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 18

About Fund Raising

1 Total donations to charity increased faster than inflation last year, but human-services and health groups lost ground, says the annual report *Giving USA*. International causes saw the largest percentage increase.

19 A top Internal Revenue Service official says the IRS is not seeking to put new restrictions on non-profits in taking away the tax exemption of a health charity. But the charity's lawyer has sent a letter to other non-profits asking them to support its case.

34 Key committees in the House and Senate have approved legislation that would extend a tax break for gifts of property that has grown in value (Tax Watch).

34 The IRS is urging charity officials to offer ideas at a public hearing on corporate sponsorships (Tax Watch).

23 A Wisconsin company has sued a non-profit, charging it was libeled in a fund-raising letter.

23 The California Supreme Court has cleared the way for cities and towns to require the fingerprinting of professional fund-raising solicitors.

23 Donations to a federation of environmental groups were up 19 per cent last year.

24 Nearly 800 charities will participate in this year's fund-raising drive among federal-government employees—23 per cent more organizations than in last year's campaign.

9 Recent gifts to non-profit organizations and institutions.

22 Updates on campaigns for endowments and capital improvements.

About Managing Non-Profits

29 America's symphony orchestras face severe financial difficulties, even though contributions and audiences have increased.

30 In the year of the outsider in politics, non-profits can make a major contribution and gain more attention, says the president of the Ms. Foundation.

31 The average chief executive of a New York City non-profit makes $29,800, according to the most extensive survey of those groups ever conducted.

26 Faced with tight budgets, non-profits are seeking discounts, pooling ideas, bartering with other groups, and trying other ideas to cut costs and save money (The Basics).

30 Seventy-five employees of United Way of America have volunteered to resign, as the organization moves to cut its staff.

30 Vice-President Quayle criticized companies and other donors that have cut off their support to the Boy Scouts because of its ban on homosexuals.

34 Reports on charities by the National Charities Information Bureau.

KEN LEVINSON

An effort to aid the South Bronx **11**

About Grant Makers

6 Only a few foundations spend themselves out of existence, but many leaders of those that do so think it's a good idea.

11 The Surdna Foundation and nine other grant makers have announced a $5-million program to revitalize New York City's South Bronx neighborhoods. The grant makers hope the approach will be a model for revitalizing inner cities.

12 The Colorado Trust has pledged $4.5-million for a new program to develop broad-based community projects to improve health care.

12 Two grants from the Pew Charitable Trusts will help restructure Philadelphia's public schools.

12 The Freedom Forum is backing two journalism internships at the *Oakland Tribune* in California.

12 Pioneer Electronics has donated $600,000 to the effort to rebuild Los Angeles following the riots.

14 A grant from the Mary Reynolds Babcock Foundation is supporting a group that hopes to create a new generation of non-profit and government leaders.

14 Recent grants by foundations, corporations, and other grant makers.

16 Summaries of annual reports from the Blandin and Koret Foundations, the Fund for New Jersey, and Citibank's corporate-giving program.

About International Philanthropy

10 Philanthropy is taking hold in Japan, but observers still see many obstacles to its development there.

About Marketing

27 An unusual invitation that showed uses for recycled cardboard was a big success for an environmental group.

30 An anti-discrimination group, working with the Advertising Council, has speeded up the release of a new public-service-advertising campaign in the wake of the Los Angeles riots.

32 The American Advertising Federation has announced the winners of its National Addy Awards for public-service advertisements prepared for non-profits.

About Volunteers

13 Nine out of ten large companies have efforts to encourage their employees to do volunteer work.

13 One-fourth of all people over 55 do volunteer work for non-profits—and many more would do so if they were asked, according to a new Louis Harris survey.

12 Volunteering may lead to longer, healthier, happier lives, say two sociologists.

12 Points of Light 794 to 807 were named by the Bush Administration.

Also in This Issue

36 **Opinion:** The Ford Foundation's Janet Maughan on the Earth Summit, Craig Kennedy on how philanthropy can help the nation's cities, and Waldemar A. Nielsen on what American foundations can learn from Toyota.

36 **Letters** on divisive tax proposals and charitable giving, misinformed bashing of United Way, and openness at the Council on Foundations.

26 **Reading List:** Books on recruiting and managing volunteers.

Corrections

▶ An article on the Ford Foundation (May 5) incorrectly described the role of the Foundation Center in a survey on the effectiveness of grant makers. The Foundation Center did not select the foundations that participated in the survey; it only supplied mailing labels to the Foundation Project, which is conducting the survey.

▶ An article on a survey by the Foundation Center on arts grants making (June 2) omitted the plans of company-sponsored foundations; 55 per cent of those foundations plan to keep giving as much to the arts over the next five years as they do now; 40 per cent plan to decrease spending; and 5 per cent anticipate an increase. Figures for corporate grant makers cited in the article were for direct corporate-giving programs only.

▶ An article on the growing role of women in philanthropy (June 16) inaccurately described the Trustees' Council of Penn Women. It represents women affiliated with the University of Pennsylvania.

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92% of Big Companies Encourage Volunteer Efforts, Survey Finds

By JENNIFER MOORE

CHICAGO

Ninety-two per cent of the nation's largest companies engage in efforts to encourage their employees to volunteer, according to a survey conducted by the Points of Light Foundation and the Conference Board, a New York–based research group.

The survey, based on responses from 454 of the country's largest companies, found that such encouragement takes many forms, from offering recognition through awards or commendations to employees for volunteer service (91 per cent) to "lending" employees to help a non-profit with a specific project (68 per cent).

Conference Notebook

Leon C. Martel, senior vice-president for research at the Conference Board, presented preliminary results of the study at the national Points of Light Foundation conference held here last week. The foundation is a non-partisan, non-profit organization that was created in May 1990 in response to President Bush's call for an increase in volunteerism.

The median number of hours per month that company workers spent volunteering was five, which means half devoted more time and half less.

A full report on the findings is expected to be released in the fall.

■

Curing America's urban ills will require building "a new sense of community," an effort that must be led by managers of volunteers, said speakers at the conference.

To establish that sense of common interests, charity leaders will need to work more closely with government and corporations—and learn to embrace some "uncomfortable" positions, said Peter Goldmark, III, president of the Rockefeller Foundation.

Those include calling for an increase in taxes, according to Mr. Goldmark.

"To start preparing the future for our children rather than stealing from them as no other generation before in this country has stolen from its children, we will have to sacrifice and raise the public and private moneys to make that investment happen," he said. "And that will mean more taxes.

"We are still in enough of a stuporous, foggy hangover from the 1980's that this statement brings a shudder for many people. But I'm not running for anything and I'm not afraid to say what is as plain as the nose on the end of my face: We have already made the decision to raise taxes."

Managers of volunteers should assume an active role as community leaders to help encourage others to do more to solve social problems, said Mr. Goldmark.

"We believe it can begin with people like you," he said, "people who have made room in their lives for cooperation with their neighbors and room in their hearts for values of self-help, of sharing in the face of adversity, of reaching out to those in need."

■

Charities trying to recruit volunteers need to be sensitive to the changes taking place outside their organizations, speakers advised.

Volunteers have become more skeptical about charities and increasingly want more information about the groups they help, said Nora Silver, director of the Volunteer Project in San Francisco.

"Trust is really being brought into question," she said, referring to the highly publicized criticism of spending and hiring practices at the United Way of America. "I worry that that kind of behavior really invites people to question what we're all doing."

Said Ms. Silver: "People giving their time want to see that you're managing it, your money, and your organization well."

She recommended that organizations "be pro-active and anticipate that this is going to be an issue for folks." One conference participant said her organization sent out flyers shortly after the United Way of America controversy surfaced to invite members and volunteers to join the group's finance committee.

Non-profits also need to adjust to demographic changes, said Harold Hodgkinson, director of the Center for Demographic Policy in Washington and author of a new study paid for by the Carnegie Corporation of New York.

The racial and ethnic makeup of the population has changed dramatically in different parts of the country, and non-profits need to find new ways to recruit volunteers and match them with programs that serve pressing needs, he said.

While the recent riots in Los Angeles have brought the problems of large cities to the forefront, Mr. Hodgkinson pointed out that more volunteers are needed to help solve problems of poverty in rural areas as well. "For every inner-city kid who is hyper-poor—living at half the poverty line—there is one rural kid who is hyper-poor," he said.

Copies of his study, "A Demographic Look at Tomorrow," can be ordered by sending $12 to the Center for Demographic Policy, 1001 Connecticut Avenue, Suite 310, Washington 20036.

■

The Points of Light Foundation released a report on the initial findings of its year-long effort to examine factors that help or hinder volunteering.

The new report, "Changing the Paradigm," recommended a "broad and pervasive" change in the way non-profit staff members view volunteers. Among the characteristics that the report said were essential to successful volunteer efforts:

► Volunteer duties must be designed to help a group carry out its top priorities and mission, not simply to accomplish short-range tasks.

► The role of volunteers should be clearly articulated and openly discussed throughout the organization. Volunteers should be seen as people who have a variety of skills to bring to the organization, not as means to obtaining financial or other material resources.

► The person in charge of recruiting, training, and placing volunteers should get input from the organization's managers who run projects involving volunteers.

For free copies of the paradigm report or the preliminary results from the survey on corporate volunteerism, contact the Points of Light Foundation, Information Services Manager, 736 Jackson Place, Washington 20503; (202) 408-5162.

Corporations and Employee Volunteering

Methods Used to Encourage Workers to Volunteer	
Recognition through articles, awards, commendations, etc.	91%
Publicity about community volunteer opportunities	87
Board membership (encouraging executives and other personnel to serve on boards of non-profit organizations)	86
Company-sponsored projects involving more than one employee volunteer	83
Continuing endorsement of volunteer programs by chief executive	72
Release time	68
Lent personnel to assist non-profits with specific projects	68
Community-involvement fund (monetary grants to non-profits at which employees regularly volunteer)	63
Survey of employees about their volunteer involvement and/or interests	60
Policy statement regarding volunteer activities and personnel records, applications	35
Retiree volunteer program	26
Clearinghouse and/or skills bank	22

Obstacles to Expanding Volunteer Programs	
Lack of employee time to participate	51%
Administrative costs	35
Lack of middle-management support	28
Lack of coordination of activities and/or programs	26
Lack of written policy	24
Employee apathy	19
Lack of support by chief executive	8

Issues That are Targets of Volunteer Programs	
Education	74%
Health	47
Youth	47
Environment	41
Homelessness	41

Cost of Programs (Excluding Staff Time)	
Less than $5,000	28%
$5,000-$9,999	11
$10,000-$24,999	10
$25,000-$49,999	10
$50,000-$99,999	5
$100,000 or more	12
No response	25

Records Maintained on Programs	
Feedback from community and/or agencies served	61%
Case descriptions or anecdotal information	42
Testimonials of employees involved	39
Testimonials of employees' managers	12
Hours volunteered	34
Surveys	34
Dollar value for hours volunteered	12
Cost-benefit ratio or other return on investment measures of volunteer programs	4
Effect on employee productivity	3
Effect on employee turnover or absenteeism	1

SOURCE: Conference Board and Points of Light Foundation

13 Million People Over Age 55 Volunteer, and Many More Would Do So if Asked

By KRISTIN A. GOSS

More than one out of four people over age 55 volunteer to help nonprofit organizations, and many more say they would be willing and able to do so if they were asked, according to a new survey.

Of the 52.4 million elderly people who are not in the military or in nursing homes, an estimated 13.7 million give time to charity, and 6 million more would like to, according to the survey by Louis Harris and Associates, which based its estimates on interviews with nearly 3,000 people over 55.

The survey also found that men volunteered at virtually the same rate as women—a finding the study's backers said defied common beliefs about gender roles.

The survey was sponsored by the Commonwealth Fund, a large private foundation in New York; ICF Inc., a Washington-based consulting firm; and the Gerontology Institute at the University of Massachusetts at Boston.

"The majority of Americans age 55 and over are active, vital, and in good health," said Scott A. Bass, director of the Gerontology Institute. "The value of their contribution to American society has been grossly underestimated."

Among the study's major findings:

► 25 per cent of men, and 27 per cent of women, over 55 volunteer for charities, most commonly religious groups, health-care facilities, and nursing homes.

► Those who volunteer for nonprofits typically give four hours per week, but a sizable number—an estimated one million older people—contribute at least 18 hours per week. The combined efforts are equivalent to those of 1.1 million full-time workers.

► Those who are not now volunteering have the potential to contribute time equivalent to that of 500,000 full-time workers.

► In addition to organized volunteer work, many people over age 55—an estimated 30.2 million—care for their children, grandchildren, and great-grandchildren or for older friends and relatives.

► Older men are nearly as likely as older women to volunteer their time to provide such care. The survey found that 28 per cent of men, and 29 per cent of women, over 55 served as helpers to ailing family members or friends. Half of all men—and 52 per cent of women—with children or grandchildren care for their younger family members. Women typically assist for nine hours weekly and men for seven hours.

► More than nine million older Americans provide a sizable part of their household incomes to younger family members. Just over two million receive a sizable portion of their household incomes from their children or grandchildren.

► People over 75 years of age are active volunteers. The survey said that 23 per cent gave their time to charitable groups, 22 per cent care for sick or disabled people, and 19 per cent assist younger family members.

The volunteerism survey is part of the Commonwealth Fund's Americans Over 55 Work Program, an effort begun in 1988 "with the fundamental premise that people over 55 are an under-utilized resource with a tremendous productive potential," according to the fund.

Copies of the results of the survey, "The Nation's Great Unrecognized Resource: The Contributions of Americans 55+," can be obtained free from the Commonwealth Fund, Communications Office, Harkness House, 1 East 75th Street, New York 10021-2692; (212) 606-3841.

Giving in 1991 Hit $124.8-Billion, a Modest Increase Over Inflation

Continued from Page 1

per cent in constant dollars because of a drop in gifts to hospitals.

► Gifts to public-policy and advocacy groups fell after several years of steady growth.

► Groups that provide services abroad or sponsor projects on international peace and security issues had the largest increase, an inflation-adjusted 11.3 per cent.

► Arts organizations had a good year, primarily because of increased donations to museums.

► Donations to education rose a modest 2.2 per cent, adjusted for inflation.

► Gifts by individuals accounted for most of the overall increase in giving. Corporate giving lost ground to inflation and the increase in foundation grants was modest.

Significant Revisions

One reason for the big increase in overall giving was the fact that *Giving USA* has significantly revised its original estimate of giving for 1990. The original estimate was $122.6-billion, a 5.75-per-cent increase over 1989. But *Giving USA* has now slashed that estimate by $5.1-billion, and also reduced its estimate for total giving in 1989.

The effect of those changes was to reduce the 1990 increase to 4.6 per cent, just short of the inflation rate of 4.75 per cent.

Yearbook officials acknowledged that the revision in the 1990 figures was one of the largest ever made by *Giving USA*. One reason for the $5-billion change: The AAFRC trust obtained data from the Internal Revenue Service much more quickly than it had in the past, and thus was able to make immediate revisions in its initial estimates rather than adopting a series of gradual changes. Even so, the yearbook will be revised again when new data are available.

Giving USA provides only preliminary estimates of charitable gifts made in the previous year. The estimates are revised, often considerably and more than once, as data are made available from the IRS and other sources.

Giving USA's data on the principal source of charitable contributions, individuals, are derived from mathematical formulas, rather than from surveys of actual giving. The yearbook's data on the main recipient of that money, religious organizations, are derived from formulas and from survey data. Yearbook officials said they routinely review those formulas to see if improvements can be made to insure greater accuracy.

The improvement in charitable giving in 1991 apparently reflected the nation's gradual comeback from economic recession, which may indicate the beginning of a return to "a more robust philanthropic economy," said *Giving USA*.

Overall giving has outpaced inflation in all but seven of the past 30 years, the report said. The growth has been relatively slow in the last two years, after increases of 9.8 per cent in 1988 and 9.6 per cent in 1989.

Giving USA said contributions as a percentage of gross domestic product have hovered around the 2-per-cent mark for the past 30 years, generally increasing in the late 1980's and, last year, reaching the highest point since 1961—2.2 per cent.

"Thus, the amount we Americans give to philanthropy in relation to the other uses of our money has not changed significantly—for better or for worse—in over three decades," the report said.

Sources of Donations

Following are key trends in the sources of donations to non-profits:

Individuals. Donations by individuals accounted for 82.7 per cent of total gifts in 1991 and were largely responsible for the overall rise in giving, the report said. Those donations climbed to an estimated $103.1-billion, an increase of nearly 6.8 per cent, or 1.9 per cent after adjusting for inflation.

Factors that contributed to the growth in donations by individuals, according to *Giving USA*:

► A strong performance by the stock market in November and December of 1991, compared with the same months of the previous year. The report noted that many people postpone making contributions, especially large gifts, until year's end, when they can assess the annual performance of their investments.

► The number of people between the ages of 35 and 64, the prime period for charitable giving, increased at nearly three times as fast in 1991 as in 1990. Americans in this age group give more and spend more than other people, the report said. "The more affluent they are, the more they spend and the more they contribute to tax-exempt organizations," the report said. "Many other factors contribute to consumerism and voluntary giving, but these variables exert the strongest influence."

► A continuing increase in personal income. However, the report noted the 1991 rate of increase, 3.3 per cent, was lower than the rate of 6.8 per cent registered in 1990.

In terms of individual gifts, "1991 was a vastly different—better—year from the point of view of philanthropy" than 1990, the report said.

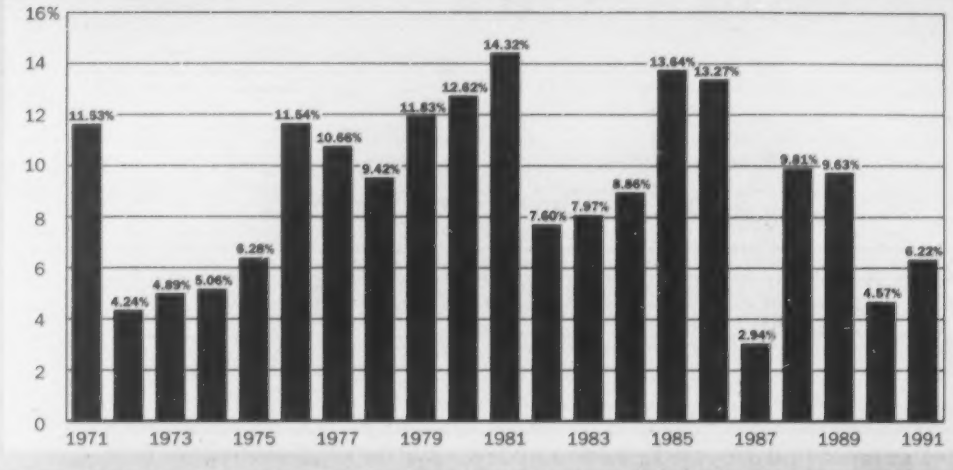
Corporations. Donations from companies totaled an estimated $6.1-billion, according to *Giving USA*, an increase of nearly 1.7 per cent that did not keep pace with inflation.

The report said corporate profits declined in 1991, and assets of corporate foundations had grown only slightly in the previous year. Those are two key factors that influence corporate donations.

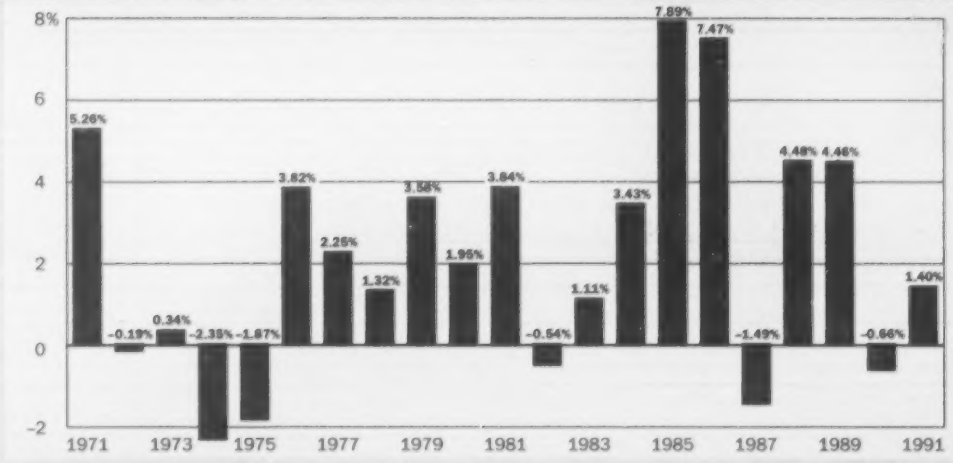
"Despite the leveling of corporate giving, in relation to their income corporations gave more generously than in the past few years, and corporate foundations have been drawing on their assets more and more to maintain giving levels," the report said. "The current level of corporate giving reflects the financial health of the corporate sector more than it reflects

20-Year Trends in Philanthropic Giving

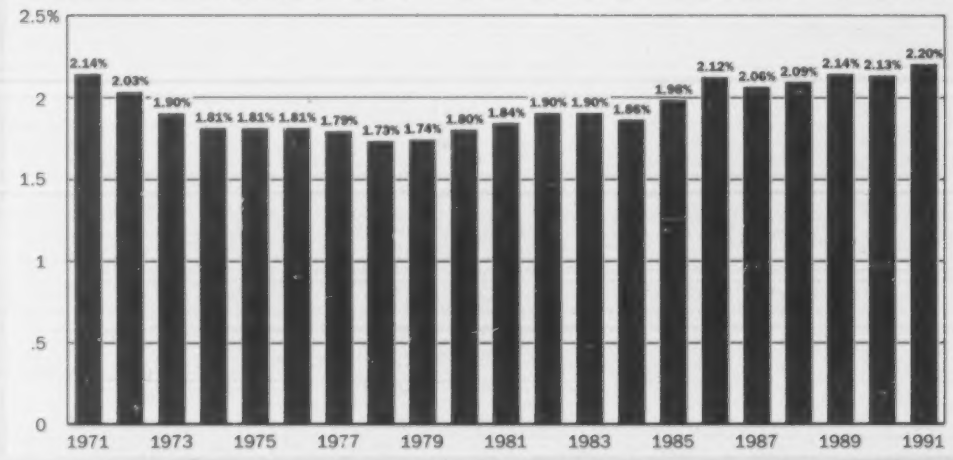
Annual Percentage Changes in Current Dollars



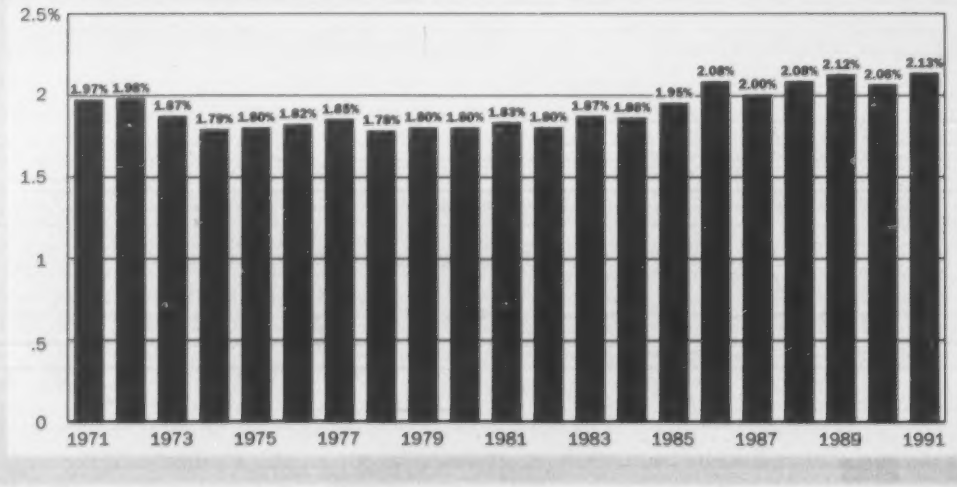
Annual Percentage Changes Adjusted for Inflation



Giving as a Percentage of Gross Domestic Product



Individual Giving as a Percentage of Personal Income



Sources of Donations

(In billions of dollars)

	Individuals		Bequests		Foundations		Corporations		Total giving	
	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars
1971	$17.64	$63.46	$3.00	$10.79	$1.95	$7.02	$0.87	$3.11	$23.46	$84.38
1972	19.37	66.72	2.10	7.23	2.00	6.89	0.98	3.38	24.45	84.23
1973	20.53	67.67	2.00	6.59	2.00	6.59	1.11	3.67	25.65	84.52
1974	21.60	66.16	2.07	6.34	2.11	6.46	1.16	3.56	26.94	82.53
1975	23.53	66.54	2.23	6.31	1.65	4.67	1.23	3.47	28.64	80.98
1976	26.32	69.28	2.30	6.05	1.90	5.00	1.42	3.74	31.94	84.07
1977	29.55	71.87	2.12	5.16	2.00	4.86	1.68	4.08	35.35	85.96
1978	32.10	72.28	2.60	5.85	2.17	4.89	1.81	4.07	38.68	87.09
1979	36.59	76.32	2.23	4.65	2.24	4.67	2.19	4.57	43.25	90.21
1980	40.71	76.87	2.86	5.40	2.81	5.31	2.33	4.40	48.71	91.98
1981	46.42	79.61	3.58	6.14	3.07	5.27	2.61	4.48	55.68	95.50
1982	48.52	76.92	5.21	8.26	3.16	5.01	3.03	4.80	59.92	94.99
1983	53.54	79.49	3.88	5.76	3.60	5.35	3.67	5.45	64.69	96.05
1984	58.50	82.52	4.04	5.70	3.95	5.57	3.93	5.55	70.42	99.34
1985	65.93	88.29	4.77	6.39	4.90	6.56	4.43	5.93	80.03	107.18
1986	74.59	94.78	5.70	7.24	5.43	6.90	4.93	6.27	90.65	115.19
1987	75.92	92.32	6.58	8.00	5.88	7.15	4.94	6.00	93.32	113.47
1988	84.70	98.00	6.57	7.60	6.15	7.12	5.05	5.85	102.47	118.56
1989	93.02	102.55	6.97	7.68	6.55	7.22	5.80	6.39	112.34	123.85
1990	96.60	101.18	7.64	8.00	7.23	7.57	6.00	6.28	117.47	123.03
1991	103.13	103.13	7.78	7.78	7.76	7.76	6.10	6.10	124.77	124.77

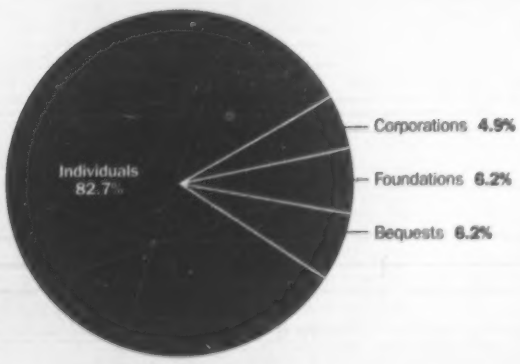
Uses of Donations

(In billions of dollars)

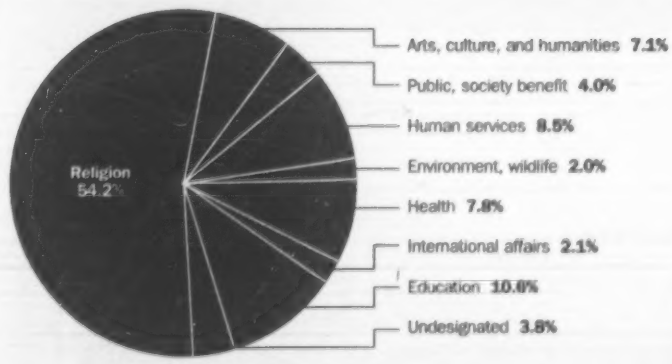
	Religion		Education		Health		Human services		Arts		Public and social benefit	
	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars
1971	$10.07	$36.22	$2.75	$9.89	$2.61	$9.39	$3.01	$10.83	$1.01	$3.63	$0.68	$2.46
1972	10.10	34.83	2.98	10.28	2.80	9.66	3.16	10.90	1.10	3.79	0.82	2.83
1973	10.53	34.75	3.10	10.23	3.10	10.23	3.07	10.13	1.26	4.16	0.62	2.05
1974	11.84	36.32	3.05	9.36	3.37	10.34	3.02	9.26	1.20	3.68	0.67	2.06
1975	12.81	36.19	2.83	7.99	3.61	10.20	2.94	8.31	1.56	4.41	0.79	2.23
1976	14.18	37.32	3.28	8.63	3.92	10.32	3.02	7.95	2.27	5.97	1.03	2.71
1977	16.98	41.31	3.62	8.81	4.09	9.95	3.57	8.69	2.32	5.64	1.22	2.97
1978	18.35	41.33	4.11	9.26	4.52	10.18	3.87	8.72	2.40	5.41	1.08	2.43
1979	20.17	42.11	4.54	9.48	4.94	10.31	4.48	9.35	2.73	5.70	1.23	2.57
1980	22.23	41.94	4.96	9.36	5.34	10.08	4.91	9.26	3.15	5.94	1.46	2.75
1981	25.05	42.97	5.77	9.90	5.79	9.93	5.62	9.64	3.66	6.28	1.79	3.07
1982	28.06	44.47	6.00	9.51	6.15	9.75	6.33	10.03	4.96	7.86	1.68	2.66
1983	31.84	47.24	6.65	9.87	6.68	9.91	7.16	10.62	4.21	6.25	1.89	2.80
1984	35.55	50.14	7.29	10.28	6.84	9.65	7.88	11.11	4.50	6.35	1.94	2.74
1985	38.21	51.15	8.17	10.94	7.72	10.33	8.50	11.38	5.08	6.80	2.22	2.97
1986	41.68	52.96	9.39	11.93	8.44	10.72	9.13	11.60	5.83	7.41	2.45	3.11
1987	48.72	59.27	9.84	11.97	9.22	11.22	9.84	11.97	6.31	7.68	2.87	3.49
1988	55.59	64.34	10.23	11.84	9.58	11.09	10.49	12.14	6.79	7.86	3.21	3.72
1989	62.48	68.89	10.95	12.07	9.93	10.94	11.39	12.56	7.50	8.27	3.84	4.23
1990	63.31	66.30	12.41	12.99	9.90	10.37	11.82	12.38	7.89	8.26	4.92	5.15
1991	67.59	67.59	13.28	13.28	9.68	9.68	10.61	10.61	8.81	8.81	4.93	4.93

Giving in 1991

Where the Money Comes From



Where It Goes



SOURCE: Giving USA

CHRONICLE CHART BY JIM GRAHAM

company attitudes about philanthropy."

Foundations. Private grant makers increased their giving to nearly $7.8-billion in 1991. That was a gain of 7.3 per cent, or 2.5 per cent adjusted for inflation.

"The increase was modest partly because of the fact that assets were relatively low at the time 1991 grants were being appropriated," the report said.

The value of assets of private and community foundations dropped by 2.8 percent in 1990, the survey said, but rose by an estimated 18 per cent in 1991.

The low asset value at the beginning of 1991 "no doubt contributed to the magnitude of the growth [in contributions], but improvement in the stock market also provided fuel for the increase," the report said. The rise in value of assets last year "bodes well for 1992 foundation giving," it added.

Giving by foundations represented about 6.2 per cent of total giving in 1991, the survey found.

Bequests. The amount non-profits received from bequests grew only slightly in 1991, to an estimated $7.8-billion, a rise of about 1.8 per cent that did not keep pace with inflation.

Giving by bequests was about 6.2 per cent of total giving in 1991, about the same share provided by foundations.

Where Donations Went

Here is how specific types of non-profit organizations fared last year:

Religion. Giving to churches, synagogues, and other religious organizations totaled $67.6-billion—an increase of almost $4.3-billion, or 6.8 per cent. After adjusting for inflation, the growth amounted to nearly 2 per cent. Gifts to religion come primarily from individuals, and growth in that category closely paralleled growth in individual giving.

Giving to religion accounted for 54.2 per cent of total giving in 1991, about the same proportion religion received in the previous year.

Human services. For the second consecutive year, gifts to non-profit groups that provide human services did not keep up with inflation.

Donations to those groups totaled an estimated $10.6-billion, a drop of $1.2-billion, or 10.2 per cent. The decline amounted to more than 14 per cent in constant dollars.

Taking inflation into account, "giving to human-service groups in 1991 was equal to the level of giving in 1983 and lower than in every year thereafter," the report said.

"The decline in giving coincided with an increase in demand for human services and a decline in government funding for them," the report noted.

Giving USA noted that speculation about the cause of the decline varied among researchers and observers of non-profits. It said possible reasons included:

► Donors may have shifted contributions to programs focused on early-childhood, elementary, and secondary education, believing those programs may alleviate the need for human-services programs later on.

► Some donors may have decid-

Continued on Page 22

Contributions Reached $124.8-Billion in 1991, a 'Modest' Rise Above Inflation

Continued from Page 21

ed to give to religious organizations that provide human services. Others, viewing human services as a global need, may have sent contributions to international relief organizations.

► Donors in the "prime giving age range"—those between 35 and 64—may have been more concerned about other causes, such as the environment.

Giving USA said donations to human-services groups amounted to 8.5 per cent of total giving in 1991.

That share has been shrinking: It was about 10 per cent in 1990 and more than 11 per cent in 1983.

Health. Giving to the nation's non-profit hospitals and health charities totaled an estimated $9.7-billion. That represented a decline of about $220-million, or 2.2 per cent—about 6.6 per cent after accounting for inflation.

Giving USA said, however, that its single estimate of giving to health groups did not tell the whole story about those kinds of gifts.

Health organizations other than hospitals experienced an increase in contributions that nearly kept pace with inflation. Such groups saw donations increase by 4.4 per cent, while gifts to hospitals were down 5.5 per cent.

And the decline in donations to hospitals was not uniform: Grants from corporations and foundations declined 20 per cent but giving by individuals increased 11 per cent.

"Community hospitals fared better than other hospitals because they derive relatively more of their income from individual gifts than do other types of hospitals," the report said.

Among the factors that may have contributed to the decline in giving to health groups, a trend seen since 1988, was the rising cost of health care and health insurance, *Giving USA* said.

"It has been suggested, but not proven, that as Americans shoulder more and more of their own health-care costs, they are less likely to give voluntarily to hospitals because they may not perceive them to be in need of funds," the report said.

Corporate managers, who must allocate increasing portions of their annual budgets to employee health insurance, "may share that perception, and this would affect corporate giving to health," the report said.

In addition, some foundations that contribute to health may have shifted their donations from hospitals and universities that do research to organizations involved in lobbying government to make changes in the nation's health-care system.

Arts and humanities. Contributions to arts organizations rose considerably, and reached their highest level ever: $8.8-billion. That was an increase of nearly $1-billion, or 11.6 per cent, and translated to a 6.6-per-cent rate of growth in constant dollars.

The gain in 1991 was unevenly distributed, according to *Giving USA*.

Donations to dance organizations declined significantly, but contributions to operas and symphony orchestras did better than inflation.

Donations to non-profit theaters and public broadcasting kept pace with inflation.

Giving USA said most of the increase in arts donations could be attributed to a rise in donations to art museums of more than 30 per cent, fueled by anticipated changes in tax laws involving gifts of appreciated property.

In 1990, Congress voted to allow many wealthy people to deduct the full fair market value of charitable gifts of art, manuscripts, and other forms of tangible personal property from their 1991 income taxes.

The window applied to donors who are subject to the alternative minimum tax, which was created to insure that people who claim large deductions do not avoid taxes altogether.

Giving USA said that donors anticipated that the window would be closed at the end of 1991, and rushed to complete gifts before the new year. However, Congress eventually extended the break until June 30, 1992, and has been considering another extension.

Education. Giving to the nation's schools, universities, libraries, research institutions, and other educational facilities grew by 7 per cent in 1991, to about $13.3-billion. In inflation-adjusted dollars, the gain was almost 2.2 per cent.

Giving USA noted that the Council for Aid to Education had reported that giving to higher education during the 12 months ending June 30, 1991, did not keep pace with inflation but said that picture changed in the second half of the calendar year.

"The stock-market performance at the end of calendar 1991 boosted giving, as did the easing of the recession," the report said.

"The gain for education in the calendar year probably reflects modest gains in the first half of the year and stronger gains in the second half."

Gifts to education represented 10.6 per cent of total giving in 1991, approximately the same proportion as in the previous year.

Advocacy and public policy. Giving to organizations involved with policy research and advocacy on a broad spectrum of social issues, including civil liberties and rural development, increased by only about $10-million in 1991, totaling $4.93-billion. That represented an increase of 0.2 per cent over the previous year. Donations declined by 4.3 per cent in constant dollars.

"No estimate aptly summarizes this unusual year that started in a recession and ended with dramatic stock-market growth."

Prior to 1991, giving to public-policy groups had been growing significantly, the report said.

"What we have observed in 1991 may represent the typical leveling after a period of fast growth," the report said, "rather than the beginning of a longer decline."

Environment. Non-profit organizations active in environmental protection and wildlife conservation received an estimated $2.5-billion in 1991, an increase of about $250-million, or 10.7 per cent. Adjusted for inflation, the growth was nearly 5.8 per cent.

The report noted that while donations to environmental groups have been increasing since *Giving USA* began keeping track of them separately in 1987, contributions to these groups accounted for about 2 per cent of overall annual giving.

"Some of the growth in the sector may in fact be due to the creation of more organizations," the report said. "Several large groups have reported that the growth of the past few years has already begun to level off. Some have laid off staff and cut other positions by attrition. This may be typical after a period of dramatic growth."

International. Non-profit organizations that provide most of their services outside the United States, or that sponsor projects on international peace and security issues, received $2.6-billion in private donations, an increase of more than 16 per cent. In constant dollars, the gain in giving among international groups was 11.3 per cent.

The report said the 1991 increase marked the second year of strong growth in contributions after a two-year period of decline.

A number of international events could have spurred this growth, the report said, including the Persian Gulf war and the breakup of the the Soviet Union.

However, *Giving USA* said, the increase may simply be the result of contributors' heightened interest in solving global problems.

"As the world economy becomes more unified, and as people increasingly view compelling problems that affect them as international in stature, they will give more to organizations which speak to this concern," the report said.

Sources of Data

The AAFRC Trust for Philanthropy, which prepares *Giving USA*, is the research arm of the American Association of Fund-Raising Counsel, an organization of major consulting firms.

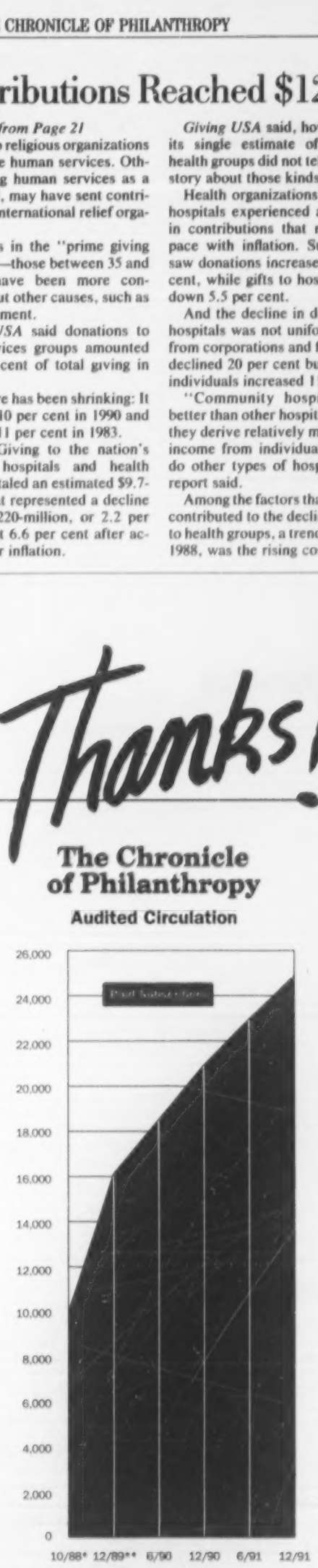
In addition to the formulas used to estimate religious and individual giving, *Giving USA* is based on reports from the Association for Healthcare Philanthropy, the Conference Board, the Council for Aid to Education, the Foundation Center, Independent Sector, United Way of America, Yale University's Program on Non-Profit Organizations, national organizations of arts groups, and the AAFRC trust's own surveys of advocacy, environmental, health, and international groups.

Copies of the 1992 edition of *Giving USA* will be available in August from the AAFRC Trust for Philanthropy, 25 West 43rd Street, New York 10036. The cost is $45, prepaid.

Thanks!

The Chronicle of Philanthropy

Audited Circulation



Source: Audit Bureau of Circulations

*Premier Issue **Initial ABC Audit

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Bellarmine College (Ky.)	May 1989	May 1994	$20,000,000	$19,100,000
Hudson Institute (Ind.)	June 1992	June 1997	11,000,000	2,900,000
Institute of American Indian Arts (N.M.)	June 1992	Dec. 1993	4,900,000	4,000,000
Iowa State U.	June 1988	June 1993	185,000,000	150,005,493
Linfield College (Ore.)	Jan. 1986	June 1992	34,000,000	38,500,000
North Hawaii Community Hospital	April 1992	* Open	25,000,000	19,100,000
Tufts U. (Mass.)	July 1987	June 1992	250,000,000	250,000,000

MANAGING

Governance and Regulation

Orchestras' Battle Against Rising Costs

While donations and ticket sales have increased since the 1970's, soaring operating expenses have caused unprecedented deficits

By VINCE STEHLE

WASHINGTON

DESPITE SHARP INCREASES in contributions and the number of concertgoers, the financial condition of symphony orchestras has deteriorated badly over the last 25 years, according to a new report by the American Symphony Orchestra League.

While orchestra revenues have increased by nearly 700 per cent, from $85-million in 1971 to $676-million last year, expenses—mainly for salaries—have grown even faster, from $88-million to $699-million. As a result, orchestras had a combined deficit of $23-million last year, which was more than seven times the combined deficit in 1971, according to the report.

The depth and persistence of orchestra deficits prompted the report's author, Thomas Wolf, to ask: "How long can an industry spend more than it takes in?"

The study was based on data from 254 of the country's largest orchestras.

In some respects, the last two decades have been boom years for orchestras: From 1970 to 1990, orchestra fund-raising totals climbed from $25-million to $202-million. Even after accounting for inflation, gifts rose 139 per cent. While the growth rate has slowed in recent years, donations to orchestras still rose from $154-million in 1986 to $223-million in 1991, a 20-per-cent increase after inflation.

Big Growth for Endowments

During the same period, orchestra endowments swelled from $512-million to $877-million, a 38-per-cent growth rate after inflation.

The amount orchestras earned through ticket sales and other activities increased modestly as a percentage of total orchestra revenues over the last five years.

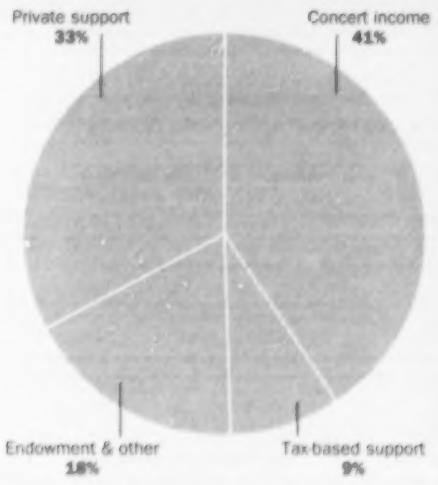
Concert revenues rose from $185-million in 1986 to $274-million in 1991, reflecting a 20-per-cent increase, adjusting for inflation.

That rise came from both an increase in the number of concert performances and a significant expansion in ticket buyers. From 1971 to 1991, the number of concerts grew from 13,000 to 18,100, a 39-per-cent increase, and attendance grew from 17.5 million to 26.7

Continued on Page 30

Symphony Orchestras: a Financial Profile

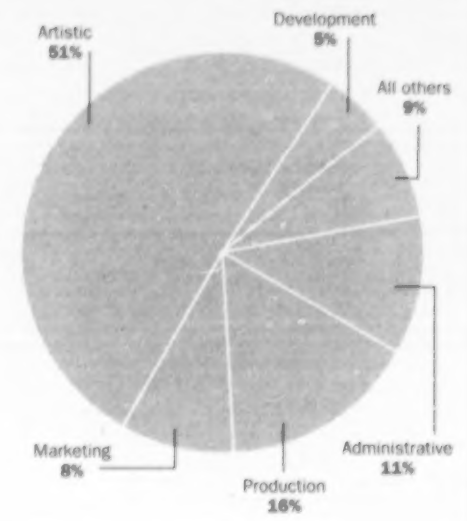
1991 Revenue



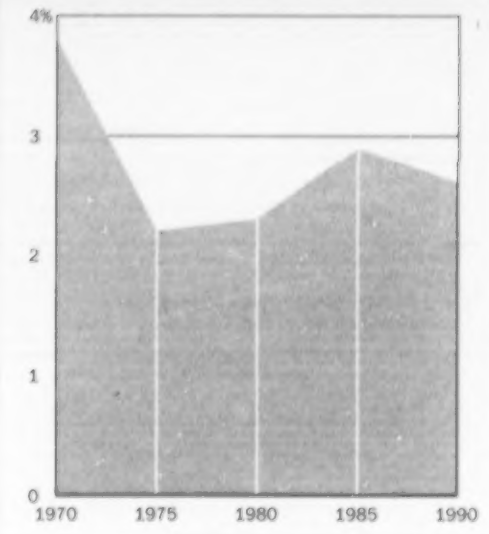
Note: Figures do not add to 100 per cent due to rounding.

NATIONAL SYMPHONY ORCHESTRA

1991 Expenses



Orchestras' Share of Arts Donations

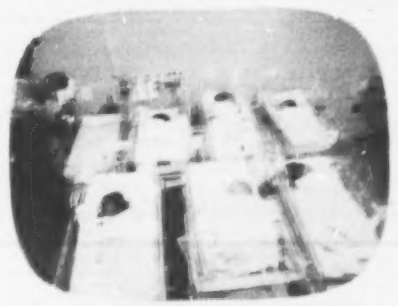


	1986	1991	Percentage change: Current dollars	Percentage change: Constant dollars	Projections: 1996	Projections: 2000
Revenue:						
Concert income	$184,500,000	$274,000,000	+ 48.5%	+19.5%	$342,900,000	$408,000,000
Government	49,000,000	58,300,000	+ 19.0	- 4.3	64,600,000	71,600,000
Private donations	153,800,000	222,900,000	+ 44.9	+16.6	263,500,000	307,400,000
Other	96,600,000	120,500,000	+ 24.7	+ 0.4	143,200,000	159,500,000
Total revenue	483,900,000	675,700,000	+ 39.6	+12.4	814,200,000	946,500,000
Expenses:						
Artistic personnel	253,400,000	355,800,000	+ 40.4	+13.0	433,000,000	507,900,000
Concert production	71,400,000	110,300,000	+ 54.5	+24.3	141,800,000	170,600,000
General & administrative	56,200,000	75,600,000	+ 34.5	+ 8.2	90,300,000	104,800,000
Promotions	36,600,000	57,300,000	+ 56.6	+26.0	73,400,000	88,900,000
Fund raising	24,200,000	36,700,000	+ 51.7	+22.0	46,700,000	56,600,000
Total expenses	493,900,000	698,900,000	+ 41.5	+13.9	860,000,000	1,010,600,000
Surplus or deficit	**-$10,000,000**	**-$23,200,000**	**+132.0%**	**+86.7%**	**-$45,700,000**	**-$64,100,000**
Endowments	**$512,200,000**	**$876,500,000**	**+ 71.1%**	**+37.7%**	**$1,186,200,000**	**$1,431,800,000**
End-of-year balance	**$611,200,000**	**$976,200,000**	**+ 59.7%**	**+28.5%**	**$1,287,700,000**	**$1,567,600,000**

SOURCE: American Symphony Orchestra League

CHRONICLE CHART BY JOJO GRAGASIN

New Public-Service-Advertising Campaign Battles Intolerance



Here's one time it doesn't matter who your neighbor is.

Here's the other.

Life's too short. Stop the hate.

After the Los Angeles riots, the Leadership Conference Education Fund of Washington hurried up the production of television spots for its drive that seeks to combat bigotry by encouraging people to talk openly about intolerance.

An anti-discrimination group hopes to make use of a new sensitivity to racism in the wake of the Los Angeles riots.

The Leadership Conference Education Fund, a Washington-based research group, has been working with the Advertising Council for months on plans for a 10-year public-service campaign intended to fight intolerance. It planned to start the campaign in the fall, but when the violence in Los Angeles erupted in April, the campaign planners decided that the public-service spots should be released as soon as possible.

The riots "underscore the urgency of a public-education plan to remind Americans that we can and must get along with each other in our workplaces, our communities, our schools, and our entire society," said Ruth Wooden, president of the Advertising Council.

$25-Million in Time and Space

The PSA's for radio and television, as well as print advertisements in both Spanish and English, were created by the Mingo Group, a New York advertising firm owned and managed by blacks. The Ad Council estimates that the broadcast and print ads will receive about $25-million worth of donated time and space over the next year.

The 20- and 30-second television broadcasts open with a shot of a hospital nursery containing infants of different races lying in rows of cribs. "Here's one time it doesn't matter who your neighbor is," says the voice-over. "Here's the other," it continues, as a cemetery filled with graves flashes on the screen. The tag line in the final shot, which fills the screen, reads: "Life's too short. Stop the hate."

The 30-second spots include flashing scenes of racial violence, such as burning crosses, between the crib and graveyard scenes.

The PSA's are the initial phase in the education fund's Campaign Against Discrimination, which will try to persuade people to face the realities of discrimination and encourage them to talk openly about it, said Ralph Neas, executive director of the fund. Ms. Wooden argues that the psychology involved in fighting racism is similar to that used to end alcoholism and drug abuse: Recovery can only begin after people admit openly that there is a problem.

Mr. Neas said he hoped that the campaign would urge Americans to take a variety of steps to fight racism and other forms of discrimination, including making friends from different backgrounds and "refusing to tell or tolerate ethnic or sexist jokes." —HOLLY HALL

Political Changes Said to Benefit Non-Profits

By HOLLY HALL

DALLAS

In a year in which political novices seem to be enormously popular with the public, non-profits —which have traditionally been viewed as outsiders by business leaders and government officials— stand to gain far more attention than ever, says Marie Wilson, president of the Ms. Foundation.

While non-profits have often been called on to provide expertise on particular social problems, she predicted that government and business leaders would now ask them to share their methods for making decisions, creating programs, and bringing disparate groups together.

In a speech to the Nonprofit Management Association's annual meeting here, Ms. Wilson said that the big question is whether non-profits will be prepared to take advantage of their new potential to influence society. Non-profit officials, she said, have typically considered themselves to be outsiders in politics, business, and other mainstream power arenas and therefore may find it difficult to get accustomed to requests that they become insiders.

Ms. Wilson urged charity executives to think hard about how they should respond to a new political era. The interest in Ross Perot as a Presidential candidate and the large number of women who are running for key Senate posts are indications of a "populist uprising not seen since the 1970's" after the Watergate scandal, she said.

She said that as more outsiders gain elective office, they are more likely to call on non-profits, which have survived by doing precisely what many voters are demanding: "constructing organizations and programs that work, reality-based and grounded in the lives of community people."

"As outsiders often missing the traditional routes to power, we have had to learn to bring people along differently."

Among the assets non-profit leaders have that political and corporate leaders might want to tap:

► Unlike most corporate executives, the people who run non-profits have to be both managers and leaders, said Ms. Wilson. Few have the option to be one or the other "because the bottom lines of non-profits measure both," she added.

"If you don't think this combination of art and technique are special," she added, "look at the number of college presidents who have

Symphony Orchestras Fight Losing Battle Against Rising Expenses

Continued from Page 29

million. The number of people attending each performance rose from 1,160 in 1971 to 1,480 in 1991, on average.

Even with those positive signs, the report painted a bleak picture for orchestras. Although more people went to concerts, the average cost of presenting such events has risen from $5 per concertgoer in 1971 to $26.17 in 1991.

And while private donations have risen steadily, it has become more difficult for orchestras to raise money. The cost of fund raising jumped 57 per cent over the last five years, largely because orchestras have had to intensify their appeals for donations in the face of increasing competition for contributions from other groups. In 1970, orchestras received 3.8 per cent of all private support for arts and cultural groups, but by 1990 their share had fallen to 2.6 per cent.

Over all, increases in expenses have outpaced the growth in orchestra income, though some costs have escalated faster than others. The bulk of the growth in orchestra budgets has gone to pay musicians and conductors. Those expenses grew by $102-million over the last five years, from $253.4-million in 1986 to $355.8-million in 1991, representing a 40-per-cent increase.

The sobering figures mean that orchestras need to re-evaluate the way they do business, according to Mr. Wolf, president of the Wolf Organization Inc., which conducted the study for the league. Mr. Wolf said orchestra managers should reconsider some of the following practices:

► Maintaining large ensembles of 90 to 100 musicians in cities and towns that may not be willing or able to sustain such large orchestras.

► Performing in one venue at a downtown location, when many potential concertgoers may prefer suburban concert halls.

► Playing too many concerts, based on the desires of musicians who want contracts with numerous performances, instead of determining how many concerts potential ticket buyers really want.

► Continuing to operate what he characterized as all-white, socially elite institutions that do not reflect the diversity of society at large.

Committee to Study Problems

To grapple with the challenges facing orchestras, the symphony association has established a committee of musicians, symphony executives, and trustees to develop recommendations for change. The committee, which is being financed by a $200,000 grant from the Pew Charitable Trusts, is expected to make its suggestions in a report to be issued next year.

The report, "The Financial Condition of Symphony Orchestras," is in three volumes: "Part I—The Orchestra Industry," "Part II—Specific Orchestra Group Profiles and Trends," and "Part III—Data Tables." Copies are available for $15 per volume from the American Symphony Orchestra League, 777 14th Street, N.W., Suite 500, Washington 20005; (202) 628-0099.

IN BRIEF: Managing

75 Workers Leave United Way of America

Seventy-five United Way of America staff members have volunteered to resign, thus reducing the 1993 budget at the financially pressed non-profit by at least $5-million.

United Way offered employees who agreed to resign by July 1 a special bonus: two months' extra severance pay. The United Way staff will consist of 185 people after the resignations take effect.

Kenneth W. Dam, interim president of the Alexandria, Va.–based national organization, said last week that it was too early to tell whether additional measures, such as firings or shortened work weeks, would be needed to bring down expenses.

United Way of America has been cutting expenses in the face of drastically reduced dues payments by its members. Last month, for example, United Way received dues of $1.09-million, roughly half its $2-million monthly expenses.

Scores of local United Ways withheld dues payments following news reports last winter about the spending and management practices at the organization.

In a separate budget-tightening move, 10 senior vice-presidents at United Way of America last week volunteered to take a 10-per-cent cut in pay.

Quayle Backs Scouts Over Ban on Homosexuals

The Boy Scouts of America has gained a high-level ally in its controversial ban on gay members: Vice President Dan Quayle.

In a speech to the National Sheriffs' Association in San Diego, Mr. Quayle criticized Levi Strauss & Company and other businesses for their recent decisions to cease annual contributions to the Scouts because of the group's membership policies, which bar not only homosexuals but also children who will not pledge their duty to God.

"I say, Let us stand up for the values of the Boy Scouts of America," said Mr. Quayle.

The Scouts refuse to admit acknowledged gays because the group contends they do not meet its requirement that members be "morally straight" and "clean." In addition to Levi Strauss, Wells Fargo Bank, BankAmerica Corporation, and United Way of the Bay Area have withdrawn general support for the Boy Scouts because of the membership standards.